

For 2014, Running Costs for petrol vehicles increased by approx. 1.4% from the previous year.

The increase is due to slightly higher interest rate on investment and first of the scheduled rise in excise tax of fuel. Throughout the year the petrol price only saw minor fluctuations, but the increase of 3 cents per litre increase for excise duty had a minor bearing on the flexible running costs. The average cost of 91 and 95 Octane was used for the purpose of the Automobile Association's car running cost calculations.

Slightly higher return on money invested (4.3% compared to 4.1% for the previous year) contributed to minor increase in the overall running costs. As the AA operating costs are calculated on ownership of a new vehicle for the first 5 years, depreciation is still one of the biggest influences on the overall result.

The flexible cost (fuel, maintenance &, tyres) make up approximately 40% of the overall running costs per Kilometre.

A noticeable change in vehicle classes was recognised. Large engines are now replaced with smaller power plants with improved fuel consumption, which achieve similar power outputs to large engines due to more efficient design techniques and installation of turbo chargers etc. When selecting a category or class of vehicle, it is imperative to keep the car's value in mind.

The operating cost calculations are a combination of two components; the fixed costs (registration, insurance warrant of fitness and depreciation) and the operating costs (fuel and maintenance).

The running cost schedule is separated into four main categories;

- **Small:** Smallest hatchbacks and city type cars.
- **Compact:** Slightly larger sized sedans, hatches or wagons.
- **Medium:** Family oriented vehicles, mid-sized SUV's and Crossover vehicles.
- **Large:** Larger capacity and luxury vehicles and large SUVs


The chart on page one indicates the average annual ownership costs based on an average distance travelled of 14,000km per year. The chart on page 2 can be used to calculate reimbursement rates for the actual annual distance travelled from 5,000km to 30,000km per year.

Locate your TOTAL (work related + personal) distance to identify how much the vehicle costs to operate over that period. That figure can be applied to your work related distance for a suitable reimbursement rate. As these calculations are based on the first 5 years of a NZ new vehicle's life, be realistic if your vehicle is older, as older vehicles have depreciated significantly, so the depreciation and fixed costs will be minimal.

Employee/employer negotiation may be needed to determine a fair rate for older vehicles if these figures are being used for reimbursement purposes. For example, the fixed costs may need to be adjusted downward while the day-to-day running costs may require an increase to allow for unforeseen costly mechanical repairs. The result may however reduce the overall running cost, such is the influence depreciation has.

Insurance assumes a 35yr old male driver with full no claims bonus, a fully comprehensive policy including glass cover and excludes drivers under 25.

**(PETROL DRIVEN VEHICLES) ESTIMATED ON 14,000KM PER YEAR FIRST FIVE YEARS OF OWNERSHIP**

 CATEGORY	Small 0 - 1500cc new rrp to \$34,000	Compact 1501cc - 2000cc new rrp to \$42,000	Medium 2001cc - 3500cc retail price to \$60,000	Large 3501cc + new rrp to \$75,000
Average value of vehicle surveyed	\$29,077	\$34,284	\$47,462	\$66,893
<b>FIXED COSTS</b>				
Average value at start of third year	\$15,992	\$18,385	\$29,285	\$38,229
Annual relicensing	\$288	\$288	\$288	\$288
Insurance - Comprehensive, No Claim	\$705	\$780	791	\$1,132
Warrant of Fitness (annually for the first 6 years)	\$49	\$49	\$49	\$49
<b>Total Outlay</b>	<b>\$17,033</b>	<b>\$19,502</b>	<b>\$30,413</b>	<b>\$39,698</b>
Interest on outlay	\$732	\$839	\$1,308	\$1,707
<b>Capital Cost (Outlay + Interest)</b>	<b>\$17,765</b>	<b>\$20,340</b>	<b>\$31,721</b>	<b>\$41,405</b>
Depreciation at third year	\$2,719	\$3,635	\$4,725	\$7,078
Depreciation Value	\$13,273	\$14,750	\$24,560	\$31,151
<b>Total Fixed Costs</b>	<b>\$4,492</b>	<b>\$5,590</b>	<b>\$7,161</b>	<b>\$10,254</b>
Fixed Costs per Day	\$12.31	\$15.32	\$19.62	\$28.09
<b>FLEXIBLE COSTS</b>				
Petrol - Litres used per 100km	6.4	7.54	8.95	11.17
Litres used over 14,000km	896	1055.6	1253	1564
Cost of fuel annually at \$2.28/litre	\$2,042.88	\$2,406.77	\$2,856.84	\$3,565.92
Cost of oil	\$79.33	\$79.33	\$79.33	\$79.33
Tyres cost per year	\$333.04	\$397.52	\$451.77	\$660.52
Repairs and Maintenance	\$596.84	\$633.82	\$635.35	650.47
<b>Total Running Costs</b>	<b>\$3,052.10</b>	<b>\$3,517.44</b>	<b>\$4023.29</b>	<b>\$4,956.25</b>
Flexible (Running) Cost per Kilometre	21.8	25.1	28.7	35.4
<b>FIXED COST + FLEXIBLE COST = OPERATING COST =</b>	<b>\$7,441.86</b>	<b>\$9,107.93</b>	<b>\$11,184.53</b>	<b>\$15,210.12</b>
<b>OPERATING COST in CENTS PER KM</b>	<b>54</b>	<b>65</b>	<b>80</b>	<b>109</b>
Previous year	53.2	64.2	78.8	107
Percentage difference over last year	1.3%	1.3%	1.38%	1.53%

**Expanded usage from 5,000km - 30,000km per year**
**2014**

<b>Petrol Vehicles</b>	<b>Small</b>	<b>Compact</b>	<b>Medium</b>	<b>Large</b>
<b>Total kilometres driven per year</b>	Cents/km	Cents/km	Cents/km	Cents/km
5,000km	109	134	169	237
6,000km	100	123	155	217
7,000km	91	112	140	196
8,000km	83	101	126	176
9,000km	74	90	112	156
10,000km	66	80	98	135
11,000km	63	76	94	129
12,000km	60	73	89	123
13,000km	57	69	85	116
14,000km	<b>54</b>	<b>65</b>	<b>80</b>	<b>109</b>
15,000km	51	62	76	103
16,000km	50	60	74	100
17,000km	48	58	71	97
18,000km	47	56	69	93
19,000km	46	55	67	90
20,000km	44	53	64	86
21,000km	43	52	63	85
22,000km	43	51	62	83
23,000km	42	50	61	81
24,000km	41	49	60	80
25,000km	40	48	59	78
26,000km	40	48	57	76
27,000km	39	47	56	75
28,000km	38	46	55	73
29,000km	38	45	54	71
30,000km	37	44	53	70